MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210 & TERM ID 2215)

DFA5114 – PRINCIPLES OF FINANCIAL ACCOUNTING

(All sections / Groups)

15 FEBRUARY 2023
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 4 pages excluding cover page with 4 Questions only.
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

The followings are list of independent questions on merchandising inventory.

1. Sales revenues are earned during the period cash is collected from the buyer.
2. Perpetual system provides better control over inventories than a periodic system.
3. Periodic system shows the cost of the inventory that should be on hand at any time.
4. FOB shipping point shows the ownership of the goods passes to the buyer when the public carrier accepts the goods from the seller.
5. Sales Return and Allowances is a contra-revenue account to Sales Revenue.
6. Cost of goods sold is the total cost of merchandise sold during the period.
7. Periodic system maintains detailed records of the cost of inventory purchase and sale.
8. To grant a customer a sales return, the seller credits Sales Returns and Allowances.
9. Beginning inventory plus the cost of goods purchased equals ending inventory.
10. In a multiple-step income statement, income from operations excludes other revenues and gains and other expenses and losses.

Required:
Classify each of the statements above as either TRUE or FALSE. (10 marks)

Part B

Shiv Sdn Bhd completed the following merchandise transactions using perpetual system.

July 3	Sold tripod stands worth RM40,000 to Goh Enterprise on account, 2/10 n/30. The cost of inventories was RM25,000. Shiv Sdn Bhd paid for transportation cost of RM100 with FOB destination by cash.
6	Goh Enterprise returned tripod stands worth RM10,000. The cost of returned inventories was RM5,000.
8	Received payment from Goh Enterprise.
12	Purchased ring light stands worth RM55,000 from Arween Enterprise on credit, 3/15 n/30. Paid transportation cost RM200 with FOB shipping point.
15	Returned ring light stands to Arween Enterprise worth RM7,000.
20	Made payment to Arween Enterprise.
22	Sold ring light stands worth RM8,000 to Bernard Enterprise by cash. The cost of inventories was RM4,000. Bernard Enterprise paid for transportation cost of RM150 with FOB shipping point by cash.

Required:
Based on above transactions, prepare the journal entries for Shiv Sdn. Bhd. Show all your workings. (15 marks)

[TOTAL 25 MARKS]

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QUESTION 2

Part A

Suraya Sdn Bhd reported the following items on inventories for the month of August:

		Total Units	Unit Cost (RM)
August 1	Beginning Inventory	3,000	5
13	Purchase	4,500	6
24	Purchase	7,500	7.60
31	Ending Inventory	1,800	

Required:
Based on periodic inventory system,

(a) Compute the cost of the ending inventory and the cost of goods sold using the FIFO cost method.

(6 marks)

(b) Compute the cost of the ending inventory and the cost of goods sold using the Weighted-Average cost methods.

(4 marks)

Show all your workings.

Part B

Mory Sdn Bhd had the following purchases and sales during month of September:

		Purchases		Sales	
		Unit	Cost per unit (RM)	Unit	Cost per unit (RM)
Sept 1	Inventory	1,000	40		
3	Purchase	600	50		
4	Sales			700	80
10	Purchase	2,000	55		
16	Sales			800	90
19	Purchase	400	60		
25	Sales			1,200	90

Required:
Compute the cost of the ending inventory and the cost of goods sold using the FIFO method with perpetual inventory system. Show all your workings.

(15 marks)

[TOTAL 25 MARKS]

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QUESTION 3

Part A

Loges started his business on 1 January 2021 with a capital of RM450,000. On December 2021 his position was under:

	RM
Cash	99,000
Account receivable	75,000
Plant	48,000
Land and building	180,000
Furniture	50,000

He owned RM45,000 from his friend Shalini on that date. He withdrew RM8,000 per month for his household purposes.

Required:
Compute Loges's profit or loss for this year ended 31 December 2021. (12 marks)

Show all your workings.

Part B

Below is the summary receipts and payments account for MU Sports Club in year 2021:

Receipts and Payment Account

	(RM)		(RM)
Balance b/f	3,650	Cost of drink	1,850
Fees	8,820	Sports equipment	1,500
Sale of drink	3,250	Rent	700
Admission fees	820	Stationery	280
		Miscellaneous expenses	320
		Electricity bills	400
		Balance c/f	11,490
	16,540		16,540

Required:
(a) Prepare the Trading (Profit or Loss) Account for the year ended 31 December 2021. (5 marks)
(b) Prepare the Income and Expenditure Account for the year ended 31 December 2021. (8 marks)

Show all your workings.

[TOTAL 25 MARKS]

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QUESTION 4

Part A

Zalynz Sdn Bhd had the following transactions during the year of 2021:

1. Issued RM500,000 par value ordinary shares for cash.
2. Collected RM111,000 from accounts receivable.
3. Declared and paid cash dividend to shareholders worth RM250,000.
4. Sold a long-term investment with a cost of RM330,000.
5. Issued RM480,000 par value ordinary shares upon conversion of bonds having a face value of RM480,000.
6. Paid RM 290,000 on accounts payable.
7. Purchased equipment worth RM570,000, giving a long term note in exchange.
8. Paid utilities expense.
9. Issued 5,000 shares of preference shares for RM450,000.
10. Sold land and building for RM780,000.

Required:
Analyze the transactions above and classify whether each transaction resulted in a cash flow from (a) operating activities, (b) investing activities, (c) financing activities or (d) noncash investing and financing activities.

(10 marks)

Part B

Olloum Sdn Bhd presented selected financial data for year 2020 & 2021 as per below:

Assets	2021 (RM)	2020 (RM)
Cash	580,000	220,000
Account Receivables	850,000	760,000
Office Supplies	57,000	63,000
Merchandise Inventories	1,800,000	1,890,000
Machine & Equipment	2,600,000	2,000,000
Accumulated Depreciation – Machine & Equipment	(660,000)	(420,000)
Accounts Payable	340,000	470,000
Total	**5,970,000**	**5,450,000**

Additional information:
1. Sales for the year were RM9,780,000.
2. Net income for the year 2021 was RM1,250,000.

Required:
(a) Based on above information, prepare the Statement of Cash Flows for the year 2021 until operating activities using the indirect method. Show all your workings.

(11 marks)

(b) Show FOUR (4) benefits of the Statement of Cash Flows to the management.

(4 marks)

[TOTAL 25 MARKS]

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